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December 1, 2005

LINCOLN SQUARE
HODGENVILLE, KENTUCKY 42748
270-358-4344

Mr. Thomas A. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Case 2005-00493

RECEIVED

DEC 2 2005

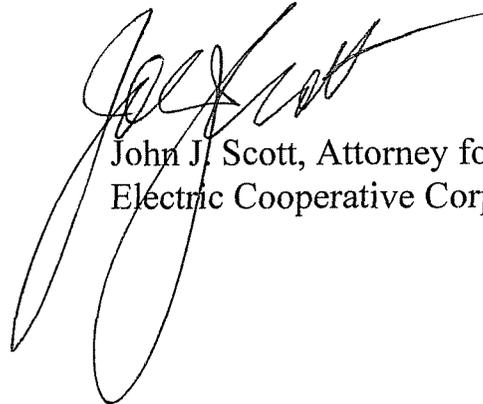
PUBLIC SERVICE
COMMISSION

Re: Nolin Rural Electric Cooperative
Corporation Application regarding
Loan

Dear Mr. Dorman:

Please find enclosed an original and 12 copies of an Application on behalf of Nolin Rural Electric Cooperative Corporation to receive approval of a Loan in the amount of \$24,000,000.00. Please stamp an extra copy of the Application showing the date filed and return it to us in the enclosed self-addressed envelope. Thank you for your consideration in this matter.

Sincerely yours,



John J. Scott, Attorney for Nolin Rural
Electric Cooperative Corporation

JJS/rrd

Enclosures

RECEIVED

DEC 2 2005

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF THE NOLIN)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN ORDER)
PURSUANT TO KRS 278.300 AND)
807 KAR 5:001, SECTION 11 AND)
RELATED SECTIONS AUTHORIZING)
THE COOPERATIVE TO OBTAIN A)
LOAN IN THE AMOUNT OF)
\$24,000,000.00 FROM THE NATIONAL)
RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION) CASE NO. 2005-00493**

APPLICATION

The Petition of Nolin Rural Electric Cooperative Corporation respectfully shows:

1. Applicant is a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky and is engaged in the business of purchasing and selling electric current and maintaining an electric distribution system. The Applicant now operates and does business in the counties of Hardin, LaRue, Hart, Grayson, Green, Taylor, Breckinridge and Meade. The full name of the Applicant is the Nolin Rural Electric Cooperative Corporation.

2. The post office address of the Applicant is 411 Ring Road, Elizabethtown, Kentucky 42701.
3. Certified copies of the Articles of Incorporation and all Amendments thereto as well as mortgages of the Applicant have previously been filed with the Commission in Case No. 93-324 which was styled "Application of the Nolin Rural Electric Cooperative Corporation for an Order pursuant to KRS 278.300 and 807 KAR5:001, Section 11 and related sections authorizing the Cooperative to obtain a five year line of credit in the amount of \$3,000,000.00 from the National Rural Utilities Cooperative Finance Corporation."
4. A general description of Applicant's property in the field of its operation, together with the statement of the original cost of the property and the cost to the Applicant follows:

Nolin Rural Electric Cooperative Corporation's property consist of approximately 2,824.39 miles of electric distribution line and other properties necessary and incidental to the operation of its system in the foregoing counties. The original cost of the Applicant's property as of September 30, 2005 is as follows:
Total utility plant: 76,258,406

5. The Applicant further states that:
 - (a.) No amount or kinds of stock are authorized by the Corporation.
 - (b.) No amount or kinds of stock are issued or outstanding.
 - (c.) No preferred stock has been issued or is outstanding.
 - (d.) Exhibits 1 and 2 attached list the outstanding notes secured by mortgages which have been executed by Nolin Rural Electric Cooperative Corporation as Mortgagor and delivered to the United States of America,

the Federal Financing Bank and the National Rural Utilities Cooperative Finance Corporation as Mortgagees as of the date of this Application. The balance outstanding on these notes as of September 30, 2005 is as shown in Exhibits No. 1 and No. 2 attached hereto.

- (e.) No bonds are authorized or issued.
 - (f.) Nolin Rural Electric Cooperative Corporation has no other indebtedness, except current liabilities which occur in the ordinary course of business and which are unsecured.
 - (g.) No dividends have been paid by the Corporation.
6. The use to be made of the proceeds from this loan is as follows: for Demand Side Management and Cost Containment projects under contract with the United States government at Ft. Knox, Kentucky. The U.S. Army repays Nolin for the cost of these projects plus a multiple of 1.05%.
 7. At this time, it is not anticipated that any property is to be acquired, constructed, improved or extended with the proceeds from this loan.
 8. At this time, it is not proposed to discharge or refund any obligations with the proceeds from this loan.
 9. The Applicant's Income Statement for the 12 month period ending September 30, 2005 is attached as Exhibit No. 3 and its balance sheet as Exhibit No. 4.
 10. The approval of the loan from the National Rural Utilities Cooperative Finance Corporation is attached as Exhibit No. 5.

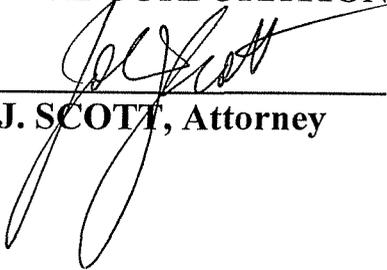
11. The Resolution approving this loan by Nolin's Board of Directors is attached as Exhibit No. 6.

WHEREFORE, the Nolin Rural Electric Cooperative Corporation requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing and granting unto Nolin Rural Electric Cooperative Corporation approval for a \$24,000,000.00 loan from the National Rural Utilities Cooperative Finance Corporation and all other relief to which the Applicant may be entitled.

Dated at Elizabethtown, Kentucky this 30th day of November, 2005.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: _____


JOHN J. SCOTT, Attorney

I, O.V. Sparks, Administration and Finance Manager of Nolin Rural Electric Cooperative Corporation, state that I have read and understand the foregoing Application and the statements contained therein are true.

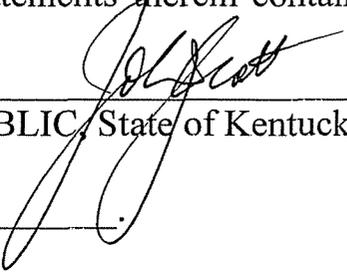
**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: _____


**O.V. SPARKS, Administration
and Finance Manager**

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 30th day of Nov., 2005, personally appeared before me **O.V. SPARKS**, who being by me first duly sworn, subscribed to and acknowledged that he is the **Administration and Finance Manager** of **Nolin Rural Electric Cooperative Corporation**, a Kentucky corporation, that he signed the foregoing document as **Administration and Finance Manager** of the corporation, and that the statements therein contained are true.



NOTARY PUBLIC, State of Kentucky

At Large

My commission expires 9-11-09.

LONG TERM DEBT - REA

Complete Schedule Showing Total Obligation to REA

Note No (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Plus Interest Accrued (e)	Less		Balance Long Term Debt - REA (h)
					Principal Payments (f)	Funds Unadvanced (g)	
OB140	2.000%	Mar-72	270,500		253,790		16,710
OB142	2.000%	Mar-72	270,500		253,790		16,710
OB150	2.000%	Jan-73	186,000		168,845		17,155
OB152	2.000%	Jan-73	186,000		168,845		17,155
1B230	5.000%	Sep-92	1,180,000		209,993		970,007
1B235	5.000%	Sep-92	1,180,000		209,993		970,007
1B240	1.620%	Jul-95	1,740,000		301,992		1,438,008
1B245	1.120%	Jul-95	1,740,000		299,777		1,440,223
1B250	1.120%	May-97	2,306,500		316,030		1,990,470
1B255	1.620%	May-97	286,000		39,163		246,837
1B256	1.120%	May-97	2,020,000		275,758		1,744,242
1B257	1.620%	May-97	500		67		433
1A260	4.940%	Apr-04	4,000,000		0		4,000,000
1A261		Apr-04	6,067,000		0	1,967,000	4,100,000
NOTES PAID IN FULL			13,483,456		13,483,456		
TOTAL			34,916,456	0	15,981,499	1,967,000	16,967,957
Less: Advance Payments Unapplied (Note #4990)							(94,014)
TOTAL OBLIGATION - REA							\$16,873,943

EXHIBIT NO. 1

LONG TERM DEBT - CFC & OTHER

Complete Schedule Showing Total Obligation to CFC & Other

Note No (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Less		Balance Long Term Debt CFC & Other (g)
				Principal Payments (e)	Funds Unadvanced (f)	
9001001	7.000%	May-72	135,000	118,062		16,938
9004001	7.000%	Feb-73	159,000	131,132		27,868
9005001	7.000%	Feb-74	135,000	102,966		32,034
9008001	4.200%	Nov-75	135,000	93,678		41,322
9010001	4.200%	Nov-76	375,000	236,359		138,641
9012001	4.200%	Feb-77	375,000	214,308		160,692
9014001	4.200%	Feb-78	920,000	478,465		441,535
9019001	4.200%	Aug-80	924,000	391,279		532,721
9022001	4.200%	May-83	520,000	169,584		350,416
9023001	4.200%	Sep-92	1,031,633	227,755		803,878
9024001	4.200%	Jun-95	1,492,000	161,117		1,330,883
9025001	4.200%	May-98	1,977,000	153,128		1,823,872
9027001	<i>4.050%</i>	Nov-99	4,300,000	3,495,145		804,855
9028001	4.200%	May-2003	23,000,000	1,956,457	6,000,000	15,043,543
9028002	4.200%	May-2003	4,000,000	416,821		3,583,179
9028003	4.200%	May-2003	4,000,000	234,552		3,765,448
9028004	4.200%	May-2003	4,000,000	172,178		3,827,822
9028005			4,000,000	56,157		3,943,843
9029001	3.000%	Aug-2003	484,424	484,424		0
9029002	3.000%	Aug-2003	484,424	484,424		0
9029003	3.550%	Aug-2003	484,424	0		484,424
9029004	4.000%	Aug-2003	484,424	0		484,424
9029005	4.450%	Aug-2003	484,424	0		484,424
9029006	4.800%	Aug-2003	484,424	0		484,424
9029007	5.050%	Aug-2003	484,424	0		484,424
9029008	5.300%	Aug-2003	484,424	0		484,424
H0010	7.157%	Dec-91	2,000,000	301,139		1,698,861
H0015	2.222%	Feb-99	1,893,000	191,304		1,701,696
H0020	2.222%	Sep-99	2,583,000	261,034		2,321,966
H0025	2.222%	Sep-99	2,583,000	261,034		2,321,966
H0030	2.222%	Oct-2003	4,000,000	156,910		3,843,090
H0035	2.222%	Oct-2003	2,948,000	115,643		2,832,357
TOTAL			\$71,361,025	\$11,065,055	\$6,000,000	\$54,295,970
			Less: Advance Payments Unapplied (Note #4990)			0
Note: Bold Interest Rates are fixed rates, italics is an Intermediate Rate			TOTAL OBLIGATION - CFC & FFB			\$54,295,970

EXHIBIT NO. 2

Nolin Rural Electric Cooperative
 Corporation
 Income and Expense Statement
 Twelve Months Ended September 30, 2005

1.	Operating Revenue and Patronage Capital		\$48,927,943
2.	Power Production Expense		
3.	Cost of Purchased Power	\$34,892,416	
4.	Transmission Expense		
5.	Distribution Expense - Operation	2,361,421	
6.	Distribution Expense - Maintenance	2,382,879	
7.	Consumer Accounts Expense	1,674,128	
8.	Customer Service and Informational Expenses	532,895	
9.	Sales Expense		
10.	Administrative and General Expense	2,274,469	
11.	Total Operation & Maintenance Expense(2 thru 10)		\$44,118,208
12.	Depreciation and Amortization Expense	2,757,790	
13.	Tax Expense - Property		
14.	Tax Expense - Other		
15.	Interest on Long-Term-Debt	2,718,585	
16.	Interest Charged to Construction - Credit		
17.	Interest Expense - Other	300,611	
18.	Other Deductions	21,590	
19.	Total Cost of Electric Service (11 thru 18)		\$49,916,784
20.	Patronage Capital & Operating Margins (1 minus 19)		(988,841)
21.	Non Operating Margins - Interest		1,907,061
22.	Allowance for Funds Used During Construction		0
23.	Income (Loss) from Equity Investments		(29,784)
24.	Non Operating Margins - Other		1,093,211
25.	Generation & Transmission Capital Credits		0
26.	Other Capital Credits and Patronage Dividends		205,183
27.	Extraordinary Items		0
28.	Patronage Capital or Margins (20 thru 27)		\$2,186,830

FINANCIAL AND STATISTICAL REPORT

KY0051

PERIOD ENDED

9/2005

INSTRUCTIONS-See RUS Bulletin I717B-2

Part C. Balance Sheet

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	74,944,501	29. Memberships	321,055
2. Construction Work in Progress	1,313,905	30. Patronage Capital	30,819,908
3. Total Utility Plant (1 + 2)	76,258,406	31. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	22,780,305	32. Operating Margins - Current Year	(1,263,427)
5. Net Utility Plant (3 - 4)	53,478,101	33. Non-Operating Margins	2,114,741
6. Non-Utility Property (Net)	6,849	34. Other Margins and Equities	1,307,944
7. Investments in Subsidiary Companies	(377,360)	35. Total Margins & Equities (29 thru 34)	33,300,221
8. Invest. in Assoc. Org. - Patronage Capital	11,491,448	36. Long-Term Debt - RUS (Net)	16,967,991
9. Invest. in Assoc. Org. - Other - General Funds	0	(Payments - Unapplied)	0
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	1,456,726	37. Long-Term Debt - RUS - Econ. Devel. (Net)	0
11. Investments in Economic Development Projects	0	38. Long-Term Debt - FFB - RUS Guaranteed	14,719,935
12. Other Investments	34,480	39. Long-Term Debt - Other - RUS Guaranteed	0
13. Special Funds	0	40. Long-Term Debt Other (Net)	39,576,033
14. Total Other Property & Investments (6 thru 13)	12,612,143	41. Total Long-Term Debt (36 thru 40)	71,263,959
15. Cash - General Funds	839,876	42. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	0	43. Accumulated Operating Provisions and Asset Retirement	
17. Special Deposits	0	Obligations	1,146,759
18. Temporary Investments	5,000	44. Total Other Noncurrent Liabilities (42 + 43)	1,146,759
19. Notes Receivable (Net)	83,216	45. Notes Payable	4,000,000
20. Accounts Receivable - Sales of Energy (Net)	8,902,363	46. Accounts Payable	3,931,622
21. Accounts Receivable - Other (Net)	39,782,807	47. Consumers Deposits	1,099,986
22. Materials and Supplies - Electric & Other	382,646	48. Current Maturities Long-Term Debt	0
23. Prepayments	(8,396)	49. Current Maturities Long-Term Debt-Economic	
24. Other Current and Accrued Assets	16,459	Development	0
25. Total Current and Accrued Assets (15 thru 24)	50,004,001	50. Current Maturities Capital Leases	0
26. Regulatory Assets	0	51. Other Current and Accrued Liabilities	1,199,019
27. Other Deferred Debits	61,169	52. Total Current & Accrued Liabilities (45 thru 51)	10,230,627
28. Total Assets and Other Debits (5+14+25 thru 27)	116,155,414	53. Regulatory Liabilities	0
		54. Other Deferred Credits	213,848
		55. Total Liabilities and Other Credits (35+ 41 + 44 + 52 thru	
		54)	116,155,414

EXHIBIT NO. 4



National Rural Utilities
Cooperative Finance Corporation

2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop

A "Touchdown Energy" Cooperative 

November 18, 2005

Mr. O.V. Sparks
Vice President Administration
Nolin Rural Electric Cooperative Corporation
411 Ring Road
Elizabethtown, KY 42701-8701

Re: Loan Designation: KY051-A-9030 and P-5106

Dear Mr. Sparks:

We are pleased to inform you that, National Rural Utilities Cooperative Finance Corporation ("CFC") has approved the following faculties for your cooperative:

- A-9030—100% term loan in the amount of \$24,000,000.
- P-5106—Perpetual line of credit in the amount of \$7,000,000

The loan documents were sent to your cooperative under separate cover for execution.

CFC's loan commitment is dependent upon the execution of the CFC loan documents by your cooperative, as well as their receipt and acceptance by CFC. Once your loan documents are received at CFC, we will notify you promptly regarding the status of your loan.

If you have any questions, please contact me at 1-800-424-2954 x 6783. We, at CFC, appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Sincerely,

Amy S. Luongo
Associate Vice President

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, **A.L. ROSENBERGER**, do hereby certify that (i) I am the Secretary of Nolin Rural Electric Cooperative Corporation (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on September 15, 2005; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative;

RESOLVED, that the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation ("CFC"), from time to time as determined by the persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$24,000,000.00, and purchase with general funds Loan Capital Term Certificates as may be required by CFC in connection with this loan, all as set forth in a loan agreement with CFC (the "Loan Agreement");

RESOLVED, that the Cooperative is further authorized to borrow up to \$24,000,000.00 from CFC on a line of credit, under terms and conditions set forth in a line of credit agreement with CFC (the "Line of Credit Agreement"), until all of the conditions to funding set forth in the Loan Agreement have been satisfied, at which time the line of credit shall be repaid;

RESOLVED, that the proceeds of these loans be used for the purposes set forth in the Loan Agreement and the Line of Credit Agreement, respectively.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of
the Cooperative this 15th day of September, 2005.

A. L. Rosenberger
SECRETARY

(SEAL)